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PUBLIC DOCUMENT

VIA ELECTRONIC MAIL

Ms. Carmen Suro-Brodie
Chair, Trade Policy Review Committee
Office of the United States Trade Representative
600 17th St. N.W.
Washington, DC 20508

Re: Response of Ispat Inland to Requests to Exclude Products From Import Relief Under Section 203

Dear Ms. Suro-Brodie:

On behalf of Ispat Inland Inc., the nation's sixth largest integrated steel producer, we oppose a number of submissions requesting exclusion of certain steel products from any import relief granted by the President under Section 203(a) of the Trade Act of 1974 ("Trade Act"), as amended (19 U.S.C. 2253(a)). These products, discussed below, should not be excluded because they are or can be produced by domestic steel makers and sold in the U.S. merchant market. In most cases, the only reason U.S. producers are not selling these products in the domestic market is that the surge of low-priced imports of these items, the very targets of this

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investigation, have forced U.S. producers to exit the market. Exclusion would only continue the injury that prompted the Administration's Section 201 investigation in the first instance.

Flat Products

Cold-Rolled Strip/Armco do Brasil S.A.:

Of the grades requested for exclusion, Ispat Inland can produce grades 1006 through 1022 for rerolling and sale in the domestic merchant market.

Hot-Rolled Sheet /Honda of America:

Of the products requested for exclusion, Ispat Inland is currently developing 590 N/mm², dual-phase, hot-rolled sheet for sale in the domestic merchant market.

Hot-Rolled and Cold-Rolled Coil Products/ATACO Steel Products Corp.:

Of the eleven products requested for exclusion, Ispat Inland can produce all of them for sale in the domestic merchant market.

Cold-Rolled Sheet/Worthington Industries:

Of the three products requested for exclusion, Ispat Inland can produce "Product 2" for sale in the domestic merchant market.

Hot-Rolled & Cold-Rolled Sheet/Illinois Tool Works:

Of the products requested for exclusion, Ispat Inland can produce the following products for sale in the domestic merchant market: high-strength, low-alloy, cold-rolled sheet, ASTM A715, grade 50; hot-rolled sheet, pickled & oiled, 3mm gauge, rb 85 max.; high-strength, low-alloy, hot-rolled sheet, SAE J1392-050XLF; and low-carbon, cold-rolled sheet, hrb 55 max., .080" gauge.

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Corrosion-Resistant Sheet, Cold-Rolled Sheet and Hot-Rolled Sheet/Nippon Steel:

Ispat Inland is able to produce and sell in the domestic merchant market corrosion-resistant steel for precision parts (Exclusion #4), thin gauge (1.4mm), corrosion-resistant steel (Exclusion #12), and wide, high-precision, cold-rolled steel (Exclusion #5). Ispat Inland is developing the capacity to produce and sell in the domestic merchant market hot-rolled, dual-phase steel (Exclusion #1).

Low-Carbon, Cold-Rolled Sheet in Coils/Illinois Tool Works:

Ispat Inland is capable of producing and selling in the domestic merchant market cold-rolled DS, DDS and grade 50 products.

Hot-Rolled and Cold-Rolled, Dual-Phase/Thyssen:

Ispat Inland is capable of producing and selling in the domestic merchant market hot-rolled and cold-rolled, dual-phase steel.

Hot-Rolled Sheet/POSCO:

Ispat Inland is capable of producing and selling in the domestic merchant market hot-rolled sheet for rerolling.

Cold-Rolled Sheet/NSC, NKK, Kawasaki, Sumitomo, Kobe, Nisshin:

Ispat Inland is capable of producing and selling in the domestic merchant market ultra high-strength, cold-rolled sheet, 980 grade.

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Long Products***Bearing-Quality, Hot-Rolled Rod-In-Coil/NN Inc. – Ball and Roller Division:***

Several domestic mills have the capacity to roll 52100 grade. These mills can produce the semi-finished steel in their own facilities or roll the finished product using semi-finished billets and blooms purchased from other producers. Ispat Inland has produced heats of 52100 grade in the past and is planning to produce additional heats of this grade in the future.

Hot-Rolled Bar of Ball-Bearing Steel, Wire Rod of Ball-Bearing Steel, Cold-Worked Bar of Ball-Bearing Steel/INA USA Corp.:

There are several producers of 52100 grade domestically. Many rod producers could roll billets into sizes less than 30mm in length if profit margins and prices were attractive enough to warrant the purchase of semi-finished products.

Cold-Rolled Carbon Bar/Honda of America:

There are several domestic hot mills and cold finished mills that could produce and deliver a product suitable for Honda's requirements. Honda typically includes requirements in its specifications that limit domestic mills from supplying products. Minimal adjustments could be made to Honda's specifications that would allow domestic mills to supply products to Honda with no appreciable difference in product performance.

Grinding Rod/K-T Feldspar Corporation, Alta Steel, Evtac Mining, Kennecott Utah Copper Corporation (KUCC):

Approximately 10 years ago, there were several producers of hot-rolled bars used in grinding rod applications. They included: GST – Kansas City, Missouri, Inland Steel – East Chicago, Indiana, USS/Kobe – Loraine, Ohio and North Star Steel – St. Paul, Minnesota.

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However, low-priced imports drove margins down until all domestic producers dropped out of the market. If profit margins and pricing were attractive enough to warrant re-entering the market, domestic producers could and would produce and sell a grinding rod product similar to Alta's HTR50.

Carbon & Alloy Hot-Rolled and SBQ Bar, Cold-Finished Bar, 4100 & 4300 Hot-Rolled and Rough-Turned Alloy Bars /ISTIL (Ukraine) Ltd, Ascometal Co., and Magellan Corp.

Low-priced imports targeted by this investigation have forced companies to exit the market for rolling larger bar sections. If profit margins and pricing were attractive enough to warrant re-entering the market, domestic producers could and would produce these sections. Also, several domestic producers and heat-treating companies have explored the possibility of installing or adding capacity but have not due to the surge of low-priced imports. Relief would allow for new equipment or additional capacity to be installed. Ispat Inland recently idled its 2A/21" bar mill due to an inability to realize a profit on bars less than 2.75" in length. With reasonable profit margins, U.S. producers would be able to use their ample bar processing capacity to furnish the demand requirements of U.S. consumers.

Free-Machining Steel Bars & Rods, Large Diameter Steel Wire Rod, Hot-Rolled Leaded Carbon Steel Coil and Bars 12L14 & 12L14AX, Hot-Rolled Bearing Quality Steel, Bearing Quality Rod and Bar, Free-Cutting Bar and Rod Containing Lead /Saarstahl AG, Saarsteel Inc., Nippon Steel Corporation, NKK Corporation, Kawasaki Steel Corporation, Sumitomo Metal Industries, Ltd., Kobe Steel, Ltd., Nisshin Steel Co., Ltd., Japan Iron & Steel Exporters' Association, Suzuki Metal Industry, Ltd., and Camcraft:

As the largest producer of free-machining steel bars and rods nationwide, Ispat Inland has the ability to make free-cutting steel at its facility in East Chicago, Indiana. Ispat Inland has enough capacity to supply the entire domestic consumption forecasts and would do so if prices

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and profit margins were reasonable. Both Ispat Inland and RTI can produce more than the projected domestic consumption for free-cutting steel in sizes greater than 19mm in coils. Ispat Inland makes free-cutting steel containing lead, bismuth, selenium, tellurium, sulfur and phosphorus.

Bearing-Quality Steel Rod (52100 Grade)/Universal Bearings, Inc. (“UBI”):

At least two domestic mills exist that could supply this product (Charter & RTI). UBI’s claim that validation would take over one year is overstated. Those OEMs that historically have stated that validation of critical parts would take at least one year have successfully accelerated this work to a few weeks when unforeseen circumstances (*i.e.*, earthquake in Japan or Chapter 11 filings) forced an interruption of supply.

Carbon and Alloy Hot-Rolled Bar and Light Shapes/Istanbul Metal and Mineral Exporters Association:

Domestic producers are capable of producing and selling this product in the domestic merchant market. The statement that de minimis imports of certain products do not have an impact on the domestic market is false. Commodity market pricing is influenced by the lowest market price offered. Turkish producers have consistently sold products at below market prices. Volumes may not be significant, but the damage to the marketplace and these producers’ willingness to offer larger volumes are both disruptive and harmful to domestic suppliers. Turkish producers utilize traders, who are paid commissions based on tons sold, to sell their products in the United States. Turkish producers allow these traders the flexibility to sell products at levels far below the domestic marketplace prices.

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Hot-Rolled, Semi-Finished Billets of Square Cross Section/Thyssen Specialty Steels Inc.:

There are ample U.S. suppliers of “forging quality billets” with production capacity to supply the requirements of the domestic industry. These billets are used for and perform the same function as hot-rolled rounds. Forgers typically use the round-cornered squares as a direct substitute for rounds. Many forgers utilize the squares for ease of handling and storage. The next step in the manufacturing sequence for forging billets is the exact same for forging rounds. Forging quality billets are not a semi-finished product. They are purchased and utilized the same way as hot-rolled round bars.

Specialized High-Carbon Hot-Rolled Steel/Thyssen Steel Group:

At least one domestic supplier is already qualified for this application, and several others could qualify if given an opportunity and a reasonable validation time frame to ensure supply. Relief from the surge of low-priced imports will allow many domestic mills to reinvest in the equipment and technologies needed to increase production.

Hot-Rolled, Quenched and Tempered Bar/Mitsui:

Hot-rolled bars containing 0.25% - 0.6% carbon with diameters of 24mm – 34mm are a very common product. While water quenching is not as widely used as other quenching mediums, water quenching is available in the United States. Therefore, several producers are capable of producing and selling this product in the domestic merchant market.

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Tellurium Quality Steels – 8620+Te, 5150+Te/Corus:

Ispat Inland is able to produce thousands of tons of tellurium-treated, free-cutting steel. It has never attempted to produce alloy steels with tellurium because it has never received a request to do so.

Bearing Quality Alloy Bar/Ascometal Co.:

Several mills currently have the capability to supply bearing quality steel. If higher profit margins for these products existed, domestic producers would be more willing to invest in equipment and technologies to supply these products.

Respectfully submitted,

/s

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